Trade and Agriculture
What's at Stake for North Carolina?

U.S. Department of Agriculture
Foreign Agricultural Service
October 2001

North Carolina is an important producer of agricultural products and a large exporter. The State's total cash receipts from farming reached $7.4 billion in 2000. The State ranked 13th among all 50 states in 2000 with agricultural shipments estimated at $1.2 billion. These exports help boost farm prices and income, while supporting about 17,200 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are important to North Carolina's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 16 percent in 2000.

North Carolina's top five agricultural exports in 2000 were:

- tobacco leaf – $453.1 million
- poultry and products – $236.7 million
- live animals and red meats – $158.7 million
- cotton – $82.4 million
- soybeans and products – $75.1 million

World demand is increasing, but so is competition among suppliers. If North Carolina's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

North Carolina Benefits From Trade Agreements

North Carolina is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities for North Carolina include:

- As the largest tobacco leaf producer in the country, North Carolina benefitted under the Uruguay Round agreement because major importers moved to progressively reduce tariffs on tobacco products. The European Union and Japan reduced their tariffs by 2000, and Turkey is reducing its import duties by 2004. Supported by lower tariffs, U.S. total leaf exports to Turkey rose from $60 million in 1995 to $86 million in 2000.

- North Carolina, among the top five poultry producers in the nation, benefits under the Uruguay Round agreement because South Korea eliminated its import quotas on frozen chicken (whole and parts) in 1997, and is progressively reducing its tariffs to between 18 and 20 percent by 2004. These market-opening steps supported a rise in U.S. poultry exports to South Korea from 22,000 tons valued at $28 million in 1996 to 83,000 tons valued at $52 million in 2000.

The Philippines opened a tariff rate quota for poultry meat of 16,701 tons in 1998, which will reach 23,500 tons by 2004. This arrangement permitted U.S. poultry exports to rise from 2,700 tons valued at $3 million in 1997 to 17,000 tons valued at $14 million in 2000.

Under the North American Free Trade Agreement, Mexico converted its import licensing regime for chilled and frozen poultry to a transitional tariff rate quota that will be phased out by 2003. From 1993 to 2000, U.S. poultry exports to Mexico rose from 164,000 tons valued at $188 million to 281,000 tons valued at $243 million.

North Carolina, among the top 10 cotton producers in the nation, benefits under the North American Free Trade Agreement with rules of origin that increased demand for U.S. textiles in Canada and Mexico. Mexico's 10-percent tariff on cotton will be eliminated by 2003. This tariff reduction supports U.S. cotton exports to Mexico, which rose from 558,000 bales to 1.5 million bales from marketing year 1995 to 2000.

North Carolina benefits under the Uruguay Round agreement as South Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. The tariff reduction has supported a threefold increase in export volume, with total sales reaching $32 million in 2000. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 40-percent increase in U.S. soybean meal exports that topped $160 million in 2000.